

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-4719
June 25, 2015**

**R E D A C T E D
R E S O L U T I O N**

Resolution E-4719. Pursuant to Decision 15-01-027, GRID Alternatives (GRID) requests approval of a Third Party Ownership (TPO) model for the Single Family Affordable Solar Homes (SASH) Program.

PROPOSED OUTCOME:

- This resolution finds that GRID's TPO model meets the minimum standards adopted in D.15-01-027 and approves the TPO model with modification.

SAFETY CONSIDERATIONS:

- Because this resolution only allows for the use of a financing structure for projects installed under the SASH Program, based on the information before us, no incremental safety implications associated with approval of this resolution are expected.

ESTIMATED COST:

- There are no expected costs associated with the approval of the financing structure adopted by this Resolution.

By Advice Letter 0005 filed on February 4, 2015 and Supplemental Advice Letter 0005-A filed on April 2, 2015.

SUMMARY

GRID Alternatives' proposed Third Party Ownership model meets the minimum customer protection standards adopted in Decision 15-01-027 and is approved with modification.

GRID Alternatives (GRID) filed Advice Letter (AL) 0005 on February 4, 2015, which requested approval of its proposed Third Party Ownership (TPO) model for the Single Family Affordable Solar Homes (SASH) Program and made a demonstration that its proposed TPO model meets the minimum customer protection standards required for a TPO model in SASH by Ordering Paragraph 18 of Decision (D.)15-01-027. D.15-01-027 implemented Assembly Bill (AB) 217 (Bradford, 2013), which reauthorized the SASH Program, among other issues. GRID filed Supplemental AL 0005-A on April 2, 2015, which adjusted certain elements of the TPO model proposal and provided additional information on the TPO model's structure.

This resolution approves GRID's TPO model for the reauthorized SASH Program with modification. We require GRID to modify its TPO model to make clear that the SASH customer's reimbursement payment to GRID is not obligatory, and to submit a Tier 3 AL demonstrating compliance with the minimum customer protection standards in the event it partners with a different TPO provider in the future.

BACKGROUND

In 2007, pursuant to Senate Bill (SB) 1 and AB 2723, the Commission adopted D.07-11-045, which established the \$108 million SASH incentive program to provide subsidies for the installation of solar photovoltaic (PV) systems on existing owner-occupied low-income households.

In authorizing the SASH Program, the Commission elected not to authorize the use of a TPO model for the SASH Program, citing concerns around inexperience with TPO models in general and concerns about maintaining consumer protection. Although that decision declined to authorize TPO for SASH, the Commission did leave the door open for such a model in the future, stating " We will consider modifying this order to allow third-party ownership arrangements for low-income customers if we are presented with a proposal that adequately protects and benefits low-income homeowners in third-party ownership agreements."¹ GRID was selected to administer the SASH Program on behalf of the three investor owned utilities (IOUs), and has administered the program

¹ D.07-11-045 at 41.

since 2008. By combining the SASH incentive funding with GRID's own fundraising, GRID was able to provide no-cost solar PV systems to low-income customers under the original program.

In 2013, AB 217 (Bradford) was enacted, which, among other things, authorized \$108 million in new funding for the Multifamily Affordable Solar Housing (MASH) and SASH programs combined, set a goal of 50 megawatts (MW) of installed capacity across both programs, and extended the programs until 2021, or the exhaustion of funding, whichever occurs first. With the funding and capacity levels set by AB 217, the legislature essentially mandated that the reauthorized MASH and SASH programs achieve the same level of capacity installed under the previous programs with only half of the funding.

In D.15-01-027, adopted January 29, 2015, the Commission reauthorized the SASH and MASH programs pursuant to AB 217. That Decision established a \$54 million solar incentive program for SASH and reduced incentive levels under the program by half, from \$6.00/watt to \$3.00/watt. To address the significantly reduced incentive levels, and in acknowledgment of the maturation of the TPO market in California, the Commission directed GRID to submit a proposal for a TPO model for the new SASH Program via a Tier 3 AL. The Commission also directed GRID to demonstrate in that AL how the proposed model meets a set of 12 minimum standards intended to ensure adequate customer protection and maximize customer benefit.

Minimum Customer Protection Standards:

1. Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment;
2. Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate;
3. Address concerns that homeowners may have about moving or selling their home during the TPO contract term;
4. Cover maintenance, operations, inverter replacement, and monitoring;
5. Prohibit liens on homes;
6. Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments;

7. Ensure that all costs are apparent and upfront and that there is no risk that the TPO deal would result in an additional financial burden to the family;
8. Standardize financial terms for low-income customers where possible;
9. Protect the customer against terms that could change after contract signing;
10. Require that TPO agreements note the potential for additional costs associated with the contract, if applicable;
11. Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement; and
12. Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults.

NOTICE

Notice of ALs 0005 and 0005-A was made by publication in the Commission's Daily Calendar. GRID states that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

GRID's AL was timely protested by the Office of Ratepayers Advocates (ORA) on February 24, 2015. ORA submitted public and confidential versions of its protest. The confidential version of ORA's protest commented on the terms and conditions of contractual agreements between GRID and the TPO Partner containing market sensitive information. In its protest, ORA states that it finds that the description of the TPO model was lacking the level of detail useful for Commission approval of a novel ratepayer-funded program. ORA also requests that the Commission require that GRID, not ratepayers, bear all the risk and costs that arise as a result of a SASH customer defaulting on repayments to GRID.

Pacific Gas and Electric Company (PG&E) responded to the AL on February 24, 2015. In its response, PG&E states that additional detail on the TPO model structure is needed in order to ensure participating customers are protected under the minimum standards specified by the Commission.

GRID replied to ORA's protest and PG&E's response on March 3, 2015, and filed a supplemental AL on April 2, 2015. In its reply and supplemental AL, GRID provides additional detail on its TPO model, addressing the specific areas of concern highlighted by ORA and PG&E. GRID also addresses ORA's concern regarding who bears the risk in the event that a SASH customer defaults on its reimbursement payment. GRID clarifies that the SASH applications contain indemnification clauses that protect ratepayers, and explains that GRID does not rely on the reimbursement payment to fund the SASH customer's actual project.

Subsequent to GRID's submittal of its reply and supplemental AL, both ORA and PG&E submitted comments thanking GRID for its effort in addressing their concerns. Both ORA and PG&E express support for Commission approval of GRID's TPO model based on the information provided in GRID's reply and supplemental AL. We therefore find that the concerns raised in ORA's protest and PG&E's response are moot.

DISCUSSION

Summary of GRID's Proposed TPO Model

GRID contends that a TPO financing model is necessary to meet the capacity goals of the new SASH Program with the reduced funding levels under the new program. It states that under its proposed TPO model it will be able to continue providing solar to low-income customers with no upfront out-of-pocket costs by combining SASH incentives, an upfront PPA payment, and philanthropy. GRID also says that its TPO financing model will allow it to monetize the Federal Investment Tax Credit (ITC) to reduce project costs, and to remove the typical barriers to entry into a TPO structure for low-income customers like credit-worthiness and financing risk.

To do this, GRID has partnered with Clean Power Finance to offer its proposed TPO model to SASH host customers. Clean Power Finance will act as the underwriting agent for projects and will help provide oversight for the investment fund (TPO Partner), which is the solar system owner. GRID proposes a TPO model wherein the SASH host customer and the TPO Partner execute a 20-year PPA, and GRID pays the system owner all PPA costs upfront on the SASH host customer's behalf (Prepaid PPA). GRID also proposes that once the SASH host customer begins realizing bill savings from the solar PV system, that the customer begin paying GRID a "pay it forward" reimbursement payment on

a quarterly basis for the 20-year term of the PPA. GRID states that the “pay it forward” reimbursement would never exceed more than 50% of the customer’s bill savings, would allow the host customer to have some “skin in the game,” and would help fund GRID’s ability to offer additional solar PV systems to other low-income customers in the future.

GRID notes that its agreement with Clean Power Finance is not an exclusive agreement, and requests the ability to enter into agreements with other financing partners in the future that can meet the Commission’s minimum customer protection standards for a TPO model for SASH. We note that D.15-01-027 does not limit GRID’s TPO model to an agreement with a single partner, and so we clarify that GRID may enter into agreements with other TPO partners in the future but should demonstrate via a Tier 3 AL filing that the TPO model under the agreement meets the minimum customer protection standards adopted by D.15-01-027.

GRID explains that there are four contractual agreements signed under the proposed TPO model:

1. A Master Installer Agreement between GRID and the TPO Partner, covering all installations under the TPO model and providing parameters for the installations.
2. A Prepaid PPA between the SASH host customer and the TPO Partner for a 20-year term, covering production guaranties, maintenance and operations, monitoring, and transferring the agreement to a new owner if necessary.
3. A Solar Installation Agreement between the SASH host customer and GRID covering GRID’s role installing the system.
4. A Client Contribution Agreement between the SASH host customer and GRID, covering the “pay it forward” reimbursement payment amount, frequency of payment, and GRID’s 10-year warranty for system replacement and labor.

GRID also explains that those contractual agreements provide the framework for the TPO model, which includes the following steps:

1. GRID prepays all of the payments required by the TPO Partner in the Prepaid PPA on behalf of the SASH host customer.
2. GRID funds the solar PV system procurement and installation costs and completes installation.
3. GRID sells the system to the TPO Partner.
4. SASH host customer pays GRID a quarterly payment that is less than 50% of the total bill savings generated by the solar PV system.

Additional information on the proposed TPO model is included in subsequent sections of this document.

Energy Division Evaluated the Proposed TPO Model to Ensure it Meets the Following Minimum Standards Adopted in D.15-01-027:

1. Ensure SASH customers receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment

GRID states that it has developed a client contribution model in which the SASH customer will retain at least half of the economic savings that result from the solar PV system's generation reducing the customer's energy bill. Under its proposed TPO model, the SASH customer will be required to sign a Client Contribution Agreement wherein the customer agrees to make a "pay it forward" reimbursement payment to GRID on a quarterly basis for the 20-year term of the PPA. GRID states that the customer's "pay it forward" payment is not required in order to finance the customer's SASH project, but will instead be treated as a contribution to help GRID build future projects for low-income customers. GRID argues that requiring a customer contribution achieves the dual aims of providing customers with a sense of ownership of their system, and helping GRID cover the costs for additional solar PV system installations for low-income customers in the future.

GRID states that the amount of the customer contribution will be a fixed amount and will be based on the expected production of the system on a kilowatt hour (kWh) basis over the 20-year term of the system. It maintains that if electric rates escalate over time, the percent of the savings the SASH customer realizes will increase. GRID affirms that the customer agreement will not include any other costs or fees and the total system cost and expected client contribution for the 20-year contract term will be included at the time of contract execution. GRID also warrants that in no case would the customer contribution represent more

than 50% of expected customer savings. Confidential Appendix A: Applicable Terms and Conditions contains a further discussion of the market sensitive details related to the client contribution.

Based on our review of the system costs and contribution amounts in the Client Contribution Agreement, GRID has sufficiently demonstrated that under its TPO Model SASH customers will receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment.

GRID also notes that while the Client Contribution Agreement ensures that a SASH customer will maintain the same fixed contribution amount for the 20-year contract term, GRID proposes retaining the flexibility to adjust the contribution amount for any new SASH customers in the future in order to adjust for external factors that may impact project financing like changes in the investment tax credit (ITC). We clarify here that D.15-01-027 directs that GRID must ensure that the customer receives at least 50% of the savings from the system. If GRID adjusts the customer contribution for new customers in the future, it must continue to ensure that the 50% of savings requirement is met.

2. Reduce or eliminate barriers for customers with poor credit (low FICO scores) to qualify and participate

GRID states that as part of its TPO model it will pay the TPO Partner all required PPA payments upfront on behalf of the SASH customer. GRID asserts that because it is prepaying the total cost of the PPA and removing any risk that the host customer would default on payment, the TPO Partner is left agnostic to the credit score of the host customer. GRID contends that, therefore, its prepayment model removes the barriers associated with poor credit to low-income customers that want to finance a solar installation. GRID notes that the prepayment also eliminates price escalation terms generally associated with PPAs, which would diminish customer savings over time.

The Client Contribution Agreement and the Master Installer Agreement both include terms that ensure that GRID will make the prepayment on the host customer's behalf, and thereby remove barriers to participation related to poor credit. Further discussion of the agreement terms is included in Confidential Appendix A.

Based on these terms, we find that GRID's TPO model has eliminated barriers for customers with poor credit to qualify and participate in SASH.

3. Address concerns that homeowners may have about moving or selling their home during the TPO contract term

The PPA between the SASH host customer and the TPO Partner includes terms covering options for homeowners when selling their property. GRID also explains in its Client Contribution Agreement that if the original SASH host customer sells the home, the customer may transfer the PPA to the new homeowner at no cost, or exercise an option where either the original SASH host customer or the new homeowner purchases the system from the TPO Partner at fair market price. The Client Contribution Agreement also explains that if any original SASH customer sells their homes, they are no longer responsible for making the “pay it forward” reimbursement payment to GRID, and the new homeowners would not be expected to assume the “pay it forward” reimbursement payment. GRID argues that because the PPA is prepaid, taking over the PPA would likely be an attractive option to the new homeowner, as the new homeowner would receive all of the economic benefit from the solar system without any requirement to make payments.

Further discussion of the agreement terms is included in Confidential Appendix A.

Based on the terms in the Client Contribution Agreement and the PPA we find that GRID’s TPO model sufficiently addresses concerns homeowners may have about moving or selling their homes during the TPO contract period.

4. Cover maintenance, operations, inverter replacement, and monitoring

GRID states that the Prepaid PPA between the SASH host customer and the TPO Partner includes provisions that offer a 20-year warranty that covers system monitoring, system production guarantees, and maintenance and operations. Under these provisions the TPO Partner is responsible for providing system monitoring, maintenance and operations, and ensuring that the solar system meets the system production guarantees in the PPA. GRID asserts that the production guarantee provision will cover inverter replacement if the inverter is the source of the solar system not meeting its production guarantee. GRID states that the PPA also covers scenarios in which it is the host customer’s responsibility to address the source of the system underproduction issue, such as shading due to vegetation growth or willful negligence.

GRID notes that in practice, GRID will be responsible for all service calls to resolve any issues on-the-ground in the first 10 years through its 10-year warranty with the host customer as provided in its Client Contribution Agreement. The TPO Partner will then be responsible for provision of these services in years 10 through 20.

Further discussion of the agreement terms is included in Confidential Appendix A.

Based on the terms in the PPA and the Client Contribution Agreement, we find that GRID's TPO model covers maintenance, operations, inverter replacement, and monitoring.

5. Prohibit liens on homes

GRID states that because it prepays the cost of the PPA on the SASH host customer's behalf, there is no financial obligation from the host customer to the TPO Partner that could trigger a lien on the customer's home for non-payment of the PPA. GRID also notes that while the SASH host customer does sign a Client Contribution Agreement agreeing to pay a "pay it forward" reimbursement payment to GRID, GRID's Client Contribution Agreement provides that GRID will not implement a penalty toward the host customer for non-payment.

We find it reasonable that GRID's prepayment of the PPA cost is sufficient to ensure that its TPO model prohibits liens on homes of SASH host customers associated with the solar system installation.

6. Minimize the risk to the low-income customer that the solar system would be removed for delinquent payments

As noted in previous sections, GRID will prepay the entire cost of the PPA to the TPO Partner on the SASH host customer's behalf, and so, there would be no risk that the host customer would be delinquent on payments. GRID also notes that if the SASH customer is unable to pay the "pay it forward" reimbursement payment to GRID, there will be no penalty to the host customer for non-payment.

We find that by prepaying the entire cost of the PPA GRID's TPO model has minimized the risk to the low-income customer that the solar system would be removed for delinquent payments.

7. Ensure that all costs are apparent and upfront and that there is no risk that the TPO deal would result in an additional financial burden to the family

GRID states that both the PPA and the Client Contribution Agreement provide information on the full costs to the SASH host customer associated with the solar PV system installation and the “pay it forward” reimbursement payment to GRID. Further discussion of the agreement terms is included in Confidential Appendix A.

GRID also asserts that if the SASH host customer is unable to pay the “pay it forward” payment, GRID will not pursue any penalty for non-payment. In PG&E’s comments on GRID’s TPO model, PG&E argues that the non-obligatory nature of the “pay it forward” payment to GRID should be completely transparent to customers. PG&E maintains that if the “pay it forward” payment is made to seem obligatory, some customers may feel the cost is burdensome but fear consequences for not paying. In GRID’s supplemental AL, GRID addresses PG&E’s concern regarding transparency of the repayment obligation by adding additional language to the Client Contribution Agreement.

We believe that GRID’s commitment not to enforce payment is sufficient to protect customers from additional financial burdens resulting from the solar system installation. However, we find that the current language in GRID’s Client Contribution Agreement does not make the nonbinding nature of the repayment commitment clear, and could therefore result in a customer perceiving the payment as a financial burden, when in fact there would be no penalty for non-payment.

To ensure that GRID’s TPO model ensures that all costs are apparent and upfront and that there is no risk that the deal would result in an additional financial burden to the participants, we require GRID to modify its Client Contribution Agreement to clearly state that “There will be no penalty for non-payment.” GRID should demonstrate compliance with this direction through a Tier 1 informational advice letter filing providing an updated Client Contribution Agreement.

8. Standardize financial terms for low-income customers where possible

GRID states that in order to standardize financial terms for low-income customers, its standard Client Contribution Agreement is written in simple straightforward language. GRID also provides summaries of the major

responsibilities of the SASH host customer, GRID, and the TPO Partner under the various contracts as part of its Client Contribution Agreement. In addition, GRID states that it will develop marketing materials that describe the TPO model, the Prepaid PPA, and the client contribution in easy to understand terms, and that GRID staff will be available to assist SASH host customers in reviewing contracts and understanding the TPO model and their obligations under the PPA.

Based on the standard language in the Client Contribution Agreement and GRID's commitment to creating marketing materials that clearly explain the TPO model and the customer obligations under the model, we find that GRID has demonstrated that its TPO model sufficiently standardizes financial terms for low-income customers.

9. Protect the customer against terms that could change after contract signing

GRID asserts that all provisions under the Prepaid PPA and Client Contribution Agreement are in place for the 20-year term. GRID also notes that there are no escalators or modifiers to the "pay it forward" reimbursement payment amount that could change the economics for the SASH host customer after the Client Contribution Agreement is signed.

As there are no provisions that are subject to change in either the PPA or the Client Contribution Agreement during the terms of the agreement, we find that GRID has demonstrated that its TPO model protects customers against terms that could change after contract signing.

10. Require that TPO agreements note the potential for additional costs associated with the contract, if applicable

GRID asserts that the Prepaid PPA and the Client Contribution Agreement delineate all foreseeable costs associated with the solar PV system. Therefore, all costs associated with the contract should be apparent at the time of contract signing. GRID also states that in the unlikely event of an unforeseen circumstance resulting in an additional cost, GRID would respond in a way that furthers its mission to advocate for the families it serves.

Based on the terms of the PPA and the Client Contribution Agreement, we find that the PPA and Client Contribution Agreement identify foreseeable costs associated with the contract.

11. Require the TPO provider to clearly explain that rate changes will affect the economics of a power purchase agreement

GRID states that its Client Contribution Agreement explains that the SASH host customer will participate in net energy metering (NEM) and that even with the installation of the solar PV system, the SASH host customer will need to purchase electricity from their utility at times when their onsite energy use exceeds their solar system's production.² The Client Contribution Agreement also explains that utility rates may increase in the future, or the structure of the rates may change during the PPA term, and that both of those changes may impact the economics of the customer's solar system. The Client Contribution Agreement also highlights that those changes are beyond the control of GRID or the TPO Partner.

In addition, the Client Contribution Agreement provides a table with a sample financial impact, which demonstrates the role electricity rates play in the SASH host customer's energy savings and highlights that savings are based on underlying electricity rates, which are subject to change.

Based on the terms in the Client Contribution Agreement we find that GRID's TPO model clearly explains that rate changes will affect the economics of the solar PPA.

12. Require that TPO agreement provisions spell out what happens in the event that the solar financing company defaults

GRID states that because the PPA is prepaid and there are no ongoing financial obligations to the TPO Partner, the main issues of concern from the SASH host customer's perspective in the event of a default by the TPO Partner would be related to the responsibility for ensuring ongoing system performance for the remainder of the contract term. The Client Contribution Agreement between

² At the time of GRID's AL filing the Commission is in the process of revisiting and developing a successor to the existing NEM Tariff. In the future, SASH customers would be expected to participate in whatever tariff or contract replaces the existing NEM Tariff. To the extent that the compensation structure under the successor tariff or contract differs from the existing NEM Tariff, SASH customers subscribing to the new tariff or contract would have a different economic proposition associated with their systems.

GRID and the SASH host customer identifies that in the event that the TPO Partner defaults, the power from the solar system is already paid for and the solar system will remain on the host customer's property. GRID also notes that the Client Contribution Agreement between GRID and the SASH host customer would remain in place, and GRID would provide warranty protections for years 1-10 under that agreement. GRID highlights, however, that there would not be warranty protections for years 10-20.

GRID notes in its AL that up until now, SASH host customers under the initial SASH program were only provided with a 10-year warranty for system repair and replacement. Therefore, future SASH customers would continue to receive the same protections in the event of a default by the TPO Partner as customers under the initial SASH Program.

GRID's Client Contribution Agreement also explains that in the event GRID goes out of business, the solar system is covered under the terms of the Prepaid PPA, which includes monitoring, maintenance and operations, and system production guarantees for the 20-year term of the contract.

Based on the terms in the Client Contribution Agreement, we find that GRID's TPO agreement provisions spell out what happens in the event that the TPO Partner defaults.

Safety Considerations

This resolution authorizes GRID to implement a TPO financing model to develop projects for the SASH Program. Because this resolution only allows for the use of a financing structure for projects installed under the SASH Program, based on the information before us, no incremental safety implications associated with approval of this resolution are expected.

Confidential Information

The Commission, in implementing Public Utilities Code Section 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to protect market sensitive information. GRID states that the contract terms and conditions provided in its confidential appendices constitute market sensitive information that is protected by confidentiality protocols established in D.06-06-066 and D.08-04-023.

The confidential appendix, marked “[REDACTED]” in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived or reduced. Accordingly, this draft resolution was mailed to parties for comments on May 18, 2015. No comments were filed.

FINDINGS

1. Both ORA and PG&E express support for Commission approval of GRID’s TPO model based on the information provided in GRID’s reply and supplemental AL. We therefore find that the concerns raised in ORA’s protest and PG&E’s response are moot.
2. GRID may enter into agreements with other TPO partners in the future but should demonstrate via a Tier 3 AL filing that the TPO model under the agreement meets the minimum customer protection standards adopted by D.15-01-027.
3. GRID has sufficiently demonstrated that under its TPO Model SASH customers will receive at least 50% of the savings, as compared to standard utility rates, from the solar generating equipment.
4. Pursuant to D.15-01-027, if GRID adjusts the customer contribution for new customers in the future, it must continue to ensure that the 50% of savings requirement is met.
5. GRID’s TPO model has eliminated barriers for customers with poor credit to qualify and participate in SASH.
6. GRID’s TPO model sufficiently addresses concerns homeowners may have about moving or selling their homes during the TPO contract period.

7. GRID's TPO model covers maintenance, operations, inverter replacement, and monitoring.
8. GRID's prepayment of the PPA cost is sufficient to ensure that its TPO model prohibits liens on homes of SASH host customers associated with the solar system installation.
9. GRID's TPO model has minimized the risk to the low-income customer that the solar system would be removed for delinquent payments.
10. The current language in GRID's Client Contribution Agreement does not make the nonbinding nature of the repayment commitment clear, and could therefore result in a customer perceiving the payment as a financial burden, when in fact there would be no penalty for non-payment.
11. To ensure that GRID's TPO model ensures that all costs are apparent and upfront, and that there is no risk that the deal would result in an additional financial burden to the participants, GRID should modify its Client Contribution Agreement to clearly state that "There will be no penalty for non-payment" of the "pay it forward" reimbursement payment.
12. GRID has demonstrated that its TPO model sufficiently standardizes financial terms for low-income customers.
13. GRID has demonstrated that its TPO model protects customers against terms that could change after contract signing.
14. The PPA and Client Contribution Agreement identify foreseeable costs associated with the contract.
15. GRID's TPO model clearly explains that rate changes will affect the economics of the solar PPA.
16. GRID's TPO agreement provisions spell out what happens in the event that the TPO Partner defaults.
17. The confidential appendix, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

THEREFORE IT IS ORDERED THAT:

1. The Third Party Ownership model developed by GRID Alternatives and proposed in its Advice Letter 0005 and Supplemental Advice Letter 0005-A meets the minimum customer protection standards adopted by Decision 15-01-027, and is approved with modification as specified herein.
2. Within 30 days of the date of this resolution, GRID Alternatives shall submit a Tier 1 informational advice letter demonstrating that it has modified its Client Contribution Agreement to state that there will be no penalty for non-payment of the SASH host customer's "pay it forward" reimbursement payment to GRID Alternatives.
3. If GRID Alternatives enters into agreements with other Third Party Ownership partners in the future, GRID Alternatives shall demonstrate via a Tier 3 Advice Letter filing that the Third Party Ownership model under the agreement meets the minimum customer protection standards adopted by Decision 15-01-027.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 25, 2015; the following Commissioners voting favorably thereon:

/s/TIMOTHY J. SULLIVAN
TIMOTHY J. SULLIVAN
Executive Director

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

Confidential Appendix A
Applicable Terms and Conditions

[REDACTED]